

**SENATE BUDGET COMMITTEE**  
**DEMOCRATIC CAUCUS**  
**KENT CONRAD, RANKING MEMBER**

FOR IMMEDIATE RELEASE  
March 1, 2001

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**SENATE BUDGET COMMITTEE RANKING MEMBER SAYS  
BUSH'S BUDGET PROVES ADMINISTRATION WILL RAID  
THE SOCIAL SECURITY AND MEDICARE TRUST FUNDS**  
**Conrad: Massive Tax Cut Drowns Out Rest of Budget**

**Washington, DC** - Senator Kent Conrad, the Ranking Member on the Senate Budget Committee, today said President Bush's budget proposal is the clearest evidence yet that the Administration is preparing to raid the Social Security and Medicare Trust Funds to help pay for its massive tax cut initiative. Conrad's concerns were expressed in a Senate Budget Committee hearing with Treasury Secretary Paul O'Neill.

"This budget spells big trouble for those of us committed to protecting every dollar of the Social Security and Medicare Trust Funds," said Conrad. "The Administration's proposal fails to protect \$1.1 trillion of these trust fund monies – that's simply unacceptable."

Conrad faults the Administration for abandoning a growing and bipartisan consensus in Congress that the Social Security and Medicare Trust Fund surpluses should be protected. The President's budget takes the entire \$526 billion Medicare Trust Fund surplus and uses the money for other purposes such as paying for his massive tax cut. In addition, the President's budget diverts \$600 billion from the Social Security Trust Fund surplus to create private accounts within the Social Security program.

"A raid on the Social Security surplus will deplete resources needed to pay future Social Security benefits and will result in tax increases on future workers or dramatic increases in public debt after the baby boomers retire," said Conrad.

Conrad disputes the Administration's contention that only \$2 trillion of the \$3.4 trillion national debt can be paid off. The North Dakota Democrat says an Administration interested in reducing the debt could take a number of actions to cut the amount of hard-to-redeem debt to half of the Administration's claim without incurring unacceptable costs.

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“This Administration doesn’t want to eliminate our national debt because it is counting on this borrowed money to pay for its massive tax cut, to pay for its Social Security privatization plans and to pay for its spending initiatives,” said Conrad. “We have an obligation to pay down as much of this debt as we can so that we do not burden our children with our expenses, our excesses and our tax cuts.”

Conrad also expressed disappointment with the lack of detail in the President’s budget. He faulted the Administration’s “reserve” of \$1.4 trillion for “additional needs” without specifying what those needs are or how much they would cost.

“The Bush budget avoids details because those details would show clearly that the numbers don’t add up,” said Conrad. “We simply can’t afford such a large tax cut and still eliminate the debt and meet high priority national needs.”

“The bottom line is that the President has proposed a massive tax cut that completely dominates the rest of his budget and threatens to drive us back into the deficit ditch of the 1980’s,” said Conrad. “But unlike the 1980’s, when a mistake like this was made, at least we had time to recover. This time, there is no recovery time because the baby boomers start to retire in 11 years, and will wipe out what’s left of the Social Security and Medicare Trust Fund surpluses.”

“This budget is wrong for the economy and is wrong for America,” concluded Conrad.

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